

**DIRECT TESTIMONY OF DR. KENT A. CURRIE  
ON BEHALF OF AMERITECH ILLINOIS**

**Q. Please state your name and business address.**

A. My name is Kent A. Currie. My address is 45 Erieview Plaza, Cleveland, Ohio 44114.

**Q. What is your current position, and whom are you representing in this proceeding?**

A. I am Associate Director, Cost Analysis and Regulatory with Ameritech. I am testifying on behalf of Ameritech Illinois in this proceeding.

**Q. What are your current responsibilities in that position?**

A. I took on my current responsibilities in the cost organization at the end of January 2000. In this role, I develop cost methods that determine the costs incurred by the Ameritech operating companies, including those of Ameritech Illinois and other SBC affiliates, for providing telecommunications services. I also supervise the production of cost studies, and analyze cost study results.

My responsibilities are similar to my previous position at Ameritech, where I was responsible for developing and maintaining the methodological framework for economic cost studies for Ameritech's telecommunications services. These cost methods are used in many studies, such as Long-Run Service Incremental Cost ("LRSIC") studies, and Total Element Long-Run Incremental Cost ("TELRIC") studies.

**Q. Please describe your educational and professional background and your current job responsibilities with Ameritech.**

A. I earned a Ph.D. in economics from the University of Iowa in 1973. In addition, I earned a Master of Science degree in economics, also from the University of Iowa, and a

Bachelor of Science degree in mathematics from Bradley University. I specialize in microeconomic theory and industrial organization, concentrating in public utility economics. After completing my graduate studies, I held full-time teaching and research appointments at two engineering universities.

I began my telecommunications career in 1980 at Ameritech Ohio. I have performed, contributed to, and supervised many cost analyses and studies dealing with the complete range of services offered by Ameritech Ohio and, subsequently, all of Ameritech. My responsibilities have included the development and monitoring of cost methods used in service cost studies at Ameritech Ohio. Since the divestiture of the Bell System, I have participated in the coordination and development of these responsibilities across Ameritech and now across the SBC operating companies.

**Q. Have you ever testified before?**

A. Yes. I have testified on cost and other economic issues in regulatory proceedings before the Federal Communications Commission ("FCC") in File No. EB-00MD-12 and CCB/CPD No. 00-1; the Illinois Commerce Commission ("ICC" or "Commission") in Docket Nos. 00-0027, 99-0315, and 98-0195; the Indiana Utility Regulatory Commission in Cause Nos. 39705, 40571-INT-03, 40849, 40611-S1, 40785-S1, and 41058; the Michigan Public Service Commission in Case Nos. U-11831 and U-12622; the Public Utilities Commission of Ohio in Case Nos. 00-1368-TP-ATA, 00-942-TP-COI, 96-1310-TP-COI, 96-1057-TP-UNC, 96-1027-TP-CSS, 96-922-TP-UNC, 96-888-TP-ARB, 96-752-TP-ARB, 96-694-TP-ARB, 93-487-TP-ALT, 90-471-TP-ATA, 90-467-TP-ATA,

84-1435-TP-AIR, and 83-300-TP-AIR; the Public Utility Commission of Texas in Docket No. 24542; and the Public Service Commission of Wisconsin in Dockets 05-TI-160, 05-TI-161 and 6655-NC-101.

**Q. What is the purpose of your testimony?**

A. The purpose of my testimony is to describe the cost development for upgrading Ameritech Illinois' switches so that Flex ANI ("Flexible Automatic Number Identification") will continue to work with the Advanced Intelligent Network ("AIN") triggers used with shared transport, which is part of the payphone UNE-P offering. The additional cost incurred by Ameritech Illinois is developed in the "Pay Phone Switch Upgrade TELRIC Recurring Cost Study" ("Upgrade Cost Study"), which is attached to my testimony as Schedule KAC-1. The additional cost calculated in the Upgrade Cost Study is then used to develop TELRICs with shared and common costs for COPTS ports that include the additional features that permit Flex ANI to work with shared transport. The impact of these additional costs on the rates for COPTS ports is shown in Schedule KAC-2.

**Q. What role did you play in developing the Upgrade Cost Study?**

A. I directed the performance of the study and reviewed, evaluated, and approved its results.

**Q. What features have been added to Ameritech Illinois' switches in order to avoid AIN trigger conflicts?**

A. Two features, "Pay Phone Compensation for Toll Free Calls" and "ASP Toll Free Service Interaction with Flex ANI," have been added to all Lucent 5ESS switches in order to avoid AIN trigger conflicts associated with shared transport. "Pay Phone Compensation

for Toll Free Calls” provides the ability to restrict or allow on a per carrier basis the forwarding of Flexible ANI II values on certain toll-free calls. “ASP Toll Free Service Interaction with Flex ANI” provides a new set of ANI II digit values for use when toll-free calls are placed from pay phones and certain other types of non-POTS lines. The technical reasons for adding these features is discussed in Mr. Kirksey’s testimony.

**Q. Were the costs for the additional features, as developed in the Upgrade Cost Study, included in the TELRIC studies for unbundled ports that Ameritech Illinois originally provided in Docket No. 96-0486/96-0569?**

A. No.

**Q. Was the resolution of the conflict between Flex ANI and AIN triggers for shared transport used by UNE-P COPTs ports recognized in TELRIC studies submitted in previous Commission Dockets ?**

A. No. The TELRICs for long-term shared transport are currently under review by the Commission in Docket No. 00-0700, and were prepared prior to the introduction of a COPTS UNE-P offering utilizing long-term shared transport.

**Q. Were the costs for the additional features included in the compliance TELRIC studies for unbundled ports used to develop the current COPTS port rates?**

A. No.

**Q. Based on the Upgrade Cost Study, what is Ameritech Illinois' additional cost for COPTS ports?**

A. The additional cost for COPTS ports is found at page 7 of Schedule KAC-1.

**Q. Could you please briefly describe the TELRIC methodology used by Ameritech Illinois to develop the additional cost for COPTS ports?**

A. Yes. As described in the Direct Testimony of Mr. Kirksey, Lucent 5ESS switches require

software upgrades in order to provide Flex ANI in conjunction with AIN-based shared transport. The COPTS UNE-P utilizes AIN-based shared transport. Consequently, the cost study begins by identifying the investment associated with the software upgrades on all Ameritech Illinois' 5ESS switches. An annual charge factor for digital switching equipment is then multiplied against this investment to obtain the total annual cost associated with the switch upgrades. Next, dividing by the average number of lines expected to purchase COPTS UNE-P over a four-year planning period yields an annual unit cost. Finally this annual cost is divided by 12 in order to obtain a monthly cost.

**Q. Does the Upgrade Cost Study use the cost of money and economic lives as required by the Commission Order issued in Docket No. 96-0486/96-0569 on February 17, 1998?**

A. Yes.

**Q. Where are the additional feature investments found in the study?**

A. The investment amounts for the individual features are found at page 12 of Schedule KAC-1. The total investment, which is the sum of the two individual feature investments, is found at page 11 of Schedule KAC-1.

**Q. Are these investments the same as those used in developing the cost support for the tariffed Payphone UNE-P ports monthly charges that were effective September 19, 2001?**

A. No.

**Q. Why are the investments in the Upgrade Cost Study different from those used in the tariff cost support?**

A. The cost support for the tariff offering was begun in the summer of 2001. That study used

the best estimate for the Lucent feature investments that existed at that time. Subsequent to the completion of the cost study more current information was obtained in the fall of 2001, based in part on the actual invoices provided by Lucent. The price being charged by Lucent is less than the estimate used in the original cost study. Consequently, the Upgrade Cost Study uses the actual, lower costs for the additional features added to Lucent 5ESS switches.

**Q. Were any other changes made subsequent to the original cost study?**

A. Yes. In addition to the investment changes, the annual charge factor was reduced in order to reflect the lack of any installation or engineering activities associated with providing the software upgrades. The lack of any Lucent or Ameritech Illinois installation and engineering activities was also determined late in 2001.

**Q. Are the changes reflected in the rates now proposed by Ameritech Illinois?**

A. Yes. The proposed rates have been reduced to reflect the lower costs.

**Q. In your opinion, should the Commission approve Ameritech Illinois' Upgrade Cost Study?**

A. Yes.

**Q. Do the new rates that have been proposed for each COPTS port cover the incremental costs associated with providing the additional features?**

A. Yes, they do. To develop new rates, the software upgrade TELRICs are multiplied by a shared and common cost factor as developed and directed by the Commission in Docket No. 96-0486/96-0569 (TELRIC Order) and confirmed in Docket No. 98-0396 (TELRIC Compliance Order). These amounts are then added to the existing port monthly rates, which do not include the costs for the additional features. The new Basic COPTS port is nothing more than a Basic Analog port with the added switch software upgrades to resolve the Flex ANI conflict. The Basic Analog and COPTS-Coin port existing monthly rates are \$5.01 and \$5.78, respectively, as approved in the TELRIC/TELRIC Compliance Orders. The resulting rates are displayed in Schedule KAC-2.

**Q. Has Ameritech Illinois prepared a revised tariff sheet to reflect its revised rates for Basic COPTS and COPTS-Coin port offerings?**

A. Yes. The proposed tariff sheet with proposed rates is attached as Schedule KAC-3.

**Q. Does this conclude your direct testimony?**

A. Yes.